

CONFIDENTIAL

18

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**CENTRAL INTELLIGENCE AGENCY
Office of Current Intelligence
7 June 1963**

CURRENT INTELLIGENCE MEMORANDUM

SUBJECT: Castro's Report on his Visit to the Soviet Union

1. Castro's 4 June report to the Cuban people on his visit to the Soviet Union added little substantive information of importance to that contained in the 23 May joint Cuban-Soviet communiqué. His statements do, however, reinforce the implication of the joint communiqué that Cuba intends for the present to concentrate on the consolidation of the revolution and avoid new provocations to the United States. TASS, in its account of Castro's report, stressed Castro's comments that Cuba must devote greater attention to economic development. The Castro report also makes it apparent that his visit resulted in at least a temporary resolution of the Cuban-Soviet irritations that ensued from the missile crisis. It is also apparent that Cuba has been brought closer to the side of the Soviet Union in the Sino-Soviet dispute.

2. Castro was effusive in his praise of all things Soviet and particularly of the organization and efficiency of Soviet industry and agriculture. He contrasted Soviet abilities with Cuba's "not so efficient organization." Castro was also extravagant in his praise for Khrushchev personally. He had obviously been deeply impressed by his experiences in the Soviet Union and seemed still to be dazzled by them.

3. On economic matters, Castro devoted considerable time to explaining the necessity for Cubans to increase their efficiency, organization and responsibility in developing the economy. "We cannot continue to construct socialism in the chaos which capitalism left us," he said. He implied that a number

MORI/CDF

CONFIDENTIAL

CONFIDENTIAL

of changes will be forthcoming in an attempt to rationalize wages and the organization of production.

4. Castro declared that the Soviet Union will "continue" its "magnificent" economic assistance to Cuba. He said Khrushchev had personally launched a program under which the Soviet Union is to assist the Cubans in mechanizing the cutting and loading of sugar cane. Except for this, and the Soviet decision to pay Cuba a higher price for its sugar, Castro made no references to any new Soviet economic assistance to Cuba.

5. On the subject of the increased price which the Soviet Union has agreed to pay for Cuban sugar, Castro revealed that the price has been raised from 4 cents to 6 cents per pound. This compares with a world market price for sugar which has recently been fluctuating in the neighborhood of 12 cents per pound and which on 5 June stood at about 10 cents. The Soviet concession seems surprisingly niggardly, though it may well be based on an estimate that world market prices are in for a decline in the near future. Castro did not clarify--nor did the joint communique--whether this price increase applies to Cuban sugar shipped to the Soviet Union so far this year or whether it applies only to future Soviet purchases of Cuban sugar. There is also no indication that Communist China or other bloc countries have agreed to pay the 6-cent price. If Cuba sells 2,000,000 tons of sugar to the bloc this year and these sales are at the 6-cent price, it would mean an additional \$88,000,000 for Cuba in terms of its trade balance with the bloc. Cuba, however, will still have an adverse trade balance with the Soviet Union and this will require additional Soviet balance of payments support for Cuba. By not raising the price it pays for Cuban sugar to a level more closely reflecting the world market price, the Soviet Union has made it more difficult for Cuba to pay off its long-term indebtedness to the Soviet Union, which is now estimated to be in the neighborhood of \$300,000,000. Since, however, the terms for Cuban repayment of balance of payments support call for repayments to begin some years hence, the operation appears to be essentially a "bookkeeping" one.

CONFIDENTIAL

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6. In his discussion of military matters, Castro made no reference to any Soviet promise of future military assistance to Cuba. He was lavish in his praise of Soviet military capabilities and spoke briefly and in generalities of his visit to a Soviet strategic missile base. He praised Soviet weapons technology as "the basis of superiority over the imperialists." He stated that any "aggression against a member of the socialist camp would mean virtually the total disappearance of the imperialist camp." With specific reference to Cuba, he stated: "imperialism now knows, with scientific certainty and positively, what aggression against Cuba would mean." He concluded, on the basis of this, that Cuba is now relatively secure against the danger of US invasion. Nevertheless, he stated, there are still "madmen" in the US and the possibility of US aggression has not entirely disappeared. Therefore, Cuba must retain its military defensive capabilities, though it can now "dedicate a great part of our energy to the construction of our economy."

7. On the subject of relations with the United States, he stated that Cuba is disposed to "normalize" relations--"if they wish." He made it clear, however, that any discussions on "normalization" of relations with the United States must be on Cuban, not on US, terms. He stated that one of the Cuban conditions would be withdrawal from the US Naval Base. He ridiculed any thought that the US was in a position to set conditions for talks with Cuba, since, he claimed, the US had been defeated and Cuba victorious. "There is nothing common between them and us," he declared. "We want to normalize relations, but we are in no hurry...we can wait indefinitely...we are calm, assured, and optimistic. That is our policy."

8. On the Sino-Soviet dispute, Castro stated that he had urged "the need for discussions" to overcome differences between Communist parties of the world. He said, "we have to understand the Soviets and the Chinese," but emphasized that Khrushchev is working for "unity in the socialist camp." Castro's praise for Khrushchev personally and his endorsement of Khrushchev's efforts to achieve Sino-Soviet unity further emphasize Cuban support for the Soviet position on a wide range of issues in the dispute with Peiping.

CONFIDENTIAL

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9. In some portions of his speech, Castro gave some indication of his thinking on Cuba's long-term future in Latin America--thoughts which may well reflect discussions he had in the Soviet Union. Speaking of the fact that Cuba is a small country without great natural resources, he added that in "a more distant future" Cuba's economy should become integrated with the economies of the rest of Latin America when "historic conditions" make this possible. Only by regional integration, he said, "can the highest possibilities be attained...such as the great development which the Soviet Union is attaining in the vastness of its soil." Earlier in his report, Castro had praised the Soviet policy on nationalities which, he said, permits more than one hundred separate national groups to retain their separate cultures within the Soviet Union without prejudice to Soviet national unity.

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